

SMD Modern Slavery and Human Trafficking Statement

Introduction

We are proud of the steps we have taken to combat slavery and human trafficking, and we continue to review and improve our practices to ensure there is no modern slavery or human trafficking in our supply chains or in any part of our business.

Organisation's Structure

We (Specialist Machine Developments (SMD) Limited) are the ultimate UK parent company of five wholly owned subsidiaries; Soil Machine Dynamics Limited, SMD Offshore Support Limited, SMD Robotics Limited, Soil Machine Dynamics USA LLC and Soil Machine Dynamics Singapore Pte., Ltd. We are also the parent company of SMD do Brasil Ltda and have management responsibility for CRRS SMD (Shanghai) Limited.

For the purposes of compliance with the Modern Slavery Act 2015, this Statement applies to Specialist Machine Developments (SMD) Limited and its subsidiaries Soil Machine Dynamics Limited, SMD Offshore Support Limited and SMD Robotics Limited (together the 'SMD UK Group').

The SMD UK Group is the manufacturer and supplier of subsea remotely operated vehicles, ploughs, trenchers and mining equipment their associated handling and control systems, as well as other subsea components, simulation software, land based hazardous environment remotely operated equipment and provides customer training in the operation of its equipment.

The SMD UK Group has over 260 employees and operates from its offices in the UK, providing goods and services worldwide.

The SMD UK Group has a turnover of approximately £50m.

Our Business

Our business is arranged into two main business units; Our Subsea business (consisting of Remotely Operated Vehicles, Trenching, Mining, Renewables Systems, Deck Equipment and Curvetech® Components) and our Services business (consisting of RMU, After Sales and Customer Training). The business is also supported by its Operations and Central functions.

Our Supply Chain

We contract with a wide variety of suppliers and contractors providing a range of items and services, including raw materials and components, vehicle fabrications for subsea equipment, technical expertise and certification assessment. Whilst our suppliers are predominantly based in Europe we do engage with suppliers throughout the world.



Our Policies on Slavery and Human Trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any party of our business. Our Anti-Slavery and Human Trafficking Policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our business or supply chain.

Due Diligence Processes for Slavery and Human Trafficking

As part of our initiative to identify and mitigate risk we take the following steps;

- All our current Tier One suppliers have been issued with a Modern Slavery and Human Trafficking Questionnaire asking what policies and procedures they have put in place to investigate and address modern slavery and human trafficking in their business and supply chain.
- Our due diligence process for new suppliers asks what policies and procedures they have in place to address modern slavery and human trafficking in their business and supply chain.
- Our supplier audit process reviews our suppliers' compliance with their modern slavery policies and procedures, and we look to identify and investigate potential instances of modern slavery or human trafficking.
- Our due diligence process for Agents and Representatives includes a review of the policies and procedures they have put in place to combat modern slavery and human trafficking.
- We have in place a system to encourage the reporting of any concerns related to modern slavery within our business or supply chain through our Anti-Slavery and Human Trafficking Policy.

Such steps ensure we can readily identify, assess and monitor potential risk areas in our supply chains and mitigate the risk of slavery and human trafficking occurring.

Supplier Adherence to Our Values

We have a zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our Anti-Slavery and Human Trafficking Policy we have in place a supply chain compliance review process. This process is an amalgamation of the due diligence and audit processes described in the section above.

The Operations Manager has responsibility to ensure the supply chain compliance review process is followed and our suppliers follow our due diligence processes and Anti-Slavery and Human Trafficking Policy.

All our current Tier One suppliers have been reviewed by way of a self-declaration questionnaire. The questionnaire has enhanced the visibility of our suppliers' practices to help us understand how they operate in order combat modern slavery.

We also review the countries where our suppliers are based against the Walk Free Foundation's Global Slavery Index list to determine where modern slavery is most prevalent and which suppliers potentially demonstrate greatest risk of modern slavery. In prioritising the review of our supply chain, we focus the greatest attention on these suppliers on a regular basis.

Training

All current staff have been issued with our Anti-Slavery and Human Trafficking Policy from our HR team accompanied by an explanation of its importance to our business and our supply chain.

Our Staff Induction for new starters includes a discussion of our Anti-Slavery and Human Trafficking Policy.

Specific training for our Procurement Team is being undertaken to help them identify and recognise high risk suppliers, goods and services when assessing suppliers and ordering goods or services.

Our Effectiveness in Combating Modern Slavery and Human Trafficking

A number of key performance indicators (KPIs) are used to measure our effectiveness at ensuring modern slavery and human trafficking has not taken place in our business and supply chain. These are managed in conjunction with our supply chain compliance review process.

Examples of our KPIs include determining the percentage of our suppliers that have responded to our Modern Slavery and Human Trafficking Questionnaire, the number and type of issues identified in response to our questionnaire, the number of audits undertaken which have examined compliance with modern slavery and human trafficking policies and procedures, the number of reported breaches in the past year and the number of staff trained in relation to modern slavery and human trafficking.

Legal Compliance

This Statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes SMD Group's Modern Slavery and Human Trafficking Statement for the financial year ending 31 December 2018.

This Statement was approved by the Board of Directors on 27 February 2019.

Michael Jones



Chief Executive Officer

5 March 2019